



## **Integrity, Fellowship and Endeavour**

### **Finance Policy**

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## **1. Introduction**

- 1.1 The purpose of this policy is to ensure that Farmor's School maintains and develops systems of financial control which conform with the requirement both of propriety and good financial management. It is essential that these systems operate properly to meet the requirements of the school's funding agreement with the Department for Education (DfE).
- 1.2 The school must comply with the principles of financial control outlined in the Academies Trust Handbook published annually by the DfE. This policy expands on that and provides detailed information on the school's accounting procedures and systems manual.
- 1.3 Farmor's School has defined the responsibilities of each person(s) involved in the administration of the school's finances to avoid duplication or omission of functions and to provide a framework of accountability for the Governing board and staff. The financial reporting structure is set out in sections 3 to 8.

## **2. Links to other documents**

- 2.1 The policy makes reference to the following documents:
  - Academies Trust Handbook (ATH)
  - Farmor's School Funding Agreement
  - Farmor's School Articles of Association
  - Farmor's School Financial Procedures Handbook

## **3. The Governing Board (GB)**

- 3.1 The Governing Board (GB) has overall responsibility for the administration of the school's finances. The main responsibilities of the GB are prescribed in the Funding Agreement between the school and the DfE and in the school's Articles of Association. The main responsibilities include:

- 3.1.1 ensuring that grants from the DfE are used only for the purposes intended.;
- 3.1.2 approval of the annual budget; and
- 3.1.3 monitoring of the budget throughout the year.

- 3.2 The GB is responsible for ensuring that proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the school and enable them to ensure the financial statements comply with the Companies Act. It also acknowledges responsibility for safeguarding the assets of the school and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for providing reasonable assurance that:

- 3.2.1 the school is operating efficiently and effectively;
- 3.2.2 its assets are safeguarded against unauthorised use or disposition;
- 3.2.3 proper records are maintained and financial information used within the school or for publication is reliable; and
- 3.2.4 the school complies with relevant laws and regulations.

3.3 The schools systems of internal financial control are based on a framework of regular management information, adherence to written administrative procedures and a system of delegation and accountability. In particular, it includes:

- 3.3.1 comprehensive budgeting and monitoring systems with an annual budget and periodic financial management reports which are reviewed and agreed by the Finance Resources and Business Development Committee (FRBD);
- 3.3.2 regular reviews by the FR&BD Committee of reports which indicate financial performance against the forecasts of major purchase plan, capital works and expenditure programmes;
- 3.3.3 setting targets to measure financial and other performance;
- 3.3.4 clearly defined purchasing guidelines, as outlined in the school's Financial Procedures Handbook;
- 3.3.5 delegation of authority and segregation of duties; and
- 3.3.6 identification and management of risks.

#### **4. The Finance, Resources and Business Development Committee (FRBD)**

4.1 The FRBD Committee is a committee of the GB. It meets regularly during the year according to the accounting timetables for the school. Meetings may be held virtually from time to time, if appropriate during the year. Resolutions in writing in accordance with the provisions of the Articles of Association take effect as if passed at a meeting.

4.2 The main responsibilities of the FRBD Committee are detailed in its written and approved Terms of Reference which have been agreed by the committee and approved by the GB. These responsibilities include:

- 4.2.1 ensuring that grants from the DfE are used only for the purposes intended;
- 4.2.2 approval of the annual budget; and
- 4.2.3 monitoring of financial performance against the budget throughout the year.

### **5 The Headteacher**

5.1 Within the framework of the Annual Development Plan, as approved by the GB, the Headteacher has overall responsibility for the school's activities, including the financial activities. Much of the day to day financial responsibility has been delegated to the Business Manager but the Headteacher still retains responsibility for:

- 5.1.1 approving new staff appointments within the authorised establishment, except for any senior staff posts which the GB have determined shall be approved by them;
- 5.1.2 authorising all orders of between £25,000 and £100,000 in conjunction with the Business Manager, in line with the approved budget plan, following discussion with the FRBD Committee;
- 5.1.3 signing cheques or authorising bank payments in conjunction with other authorised signatories;
- 5.1.4 acting as Accounting Officer (AO); and
- 5.1.5 authorising and signing all contracts, service agreements, under £100,000, as AO, in line with the AFH.

## **6 The Business Manager**

- 6.1 The Business Manager works in close collaboration with the Headteacher, through whom is responsible to the GB. The Business Manager also has direct access to the FR&BD Committee as needed. The main responsibilities of the Business Manager are:

- 6.1.1 day to day management of financial issues including the ensuring development and operation of a suitable accounting system;;
- 6.1.2 as approved by the GB, management of the school's financial position at a strategic and operational level within the framework of financial controls as determined by the school's Financial Procedures Handbook ;
- 6.1.3 maintenance of effective systems of internal control;
- 6.1.4 ensuring that the annual accounts are properly presented and adequately supported by the underlying records of the school;
- 6.1.5 preparation of monthly management accounts;
- 6.1.6 preparation of accounts and audit files ahead of the annual external audit;
- 6.1.7 authorising orders below £25,000 in conjunction with the budget holder in line with the approved budget plan, following discussion with the Headteacher and, if appropriate, the FRBD Committee;
- 6.1.8 ensuring that all forms and returns are submitted to the DfE in line with timetables in the DfE guidance;
- 6.1.9 ensuring that all other returns to external bodies are submitted in a timely manner, for example, Teacher's Pension and Local Government Pension returns; and
- 6.1.10 acting as Chief Finance Officer (CFO).

## **7 The Internal Assurance Officer (IAO)**

- 7.1 The Internal Assurance Officer (IAO) is appointed by the GB and provides independent oversight of the school's financial affairs. The main duty of the IAO are to provide the GB with an independent assurance that:

- 7.1.1 the financial responsibilities of the GB are being properly discharged;
- 7.1.2 resources are being managed in an efficient, economical and effective manner;
- 7.1.3 sound systems of internal financial control are being maintained; and
- 7.1.4 financial considerations are fully taken into account in reaching decisions.

- 7.2 The IAO will undertake an annual programme of review, constituting three visits to school, to ensure that financial transactions have been properly processed in line with controls set. A report of the findings from each visit will be presented to the next FRBD Committee meeting.

## **8 Other Staff**

- 8.1 Other members of staff, primarily the Finance Manager, Finance Administrators and all budget holders, will have some financial responsibility and these are detailed in the school's Financial Procedures Handbook.
- 8.2 All staff are responsible for the security of school assets, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the school's Financial Procedures Handbook.

## **9 Register of Interests**

- 9.2 It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all members of the GB and members of the Senior Leadership Team are required to declare any financial interests they have in companies or individuals from which the school may purchase goods or services. The register is available on the school's website.
- 9.3 The register must include all business interests such as directorships, share holdings or other appointments of influence within a business or organisation which may have dealings with the school. Disclosures must also include business interests of relatives such as a parent, spouse or business partner where influence could be exerted over a member of the GB or member of staff by that person.
- 9.4 Evidence of a register of business interests does not, of course, detract from the duties of the GB and staff to declare interests wherever they are relevant to matters being discussed by the GB or a committee. Where an interest has been declared, members of the GB and staff should not attend that part of any committee or other meeting.

## **10 Accounting systems**

10.1 All financial transactions for the school must be recorded on the approved accounting system which is currently Xero. The system is operated by the finance team.

10.2 Other related financial software systems operated are:

10.2.1 ParentPay – online payments made by parents and carers.

10.2.2 Cashless catering using biometrics or a PIN number via a Sharps Retail system.

10.2.3 Payroll undertaken externally via Dataplan and operated via their secure access portal.

10.3 The accounting systems can only be accessed via the computers in Business and Finance offices. The Business Manager is responsible for ensuring that new users are set up appropriately and access is restricted to areas of the system appropriate to the roles and responsibilities of the user. All access rights are terminated when a member of staff leaves.

## **11 Key Administrative and Control Procedures**

11.1 To ensure that Farmor's School complies with the principles of financial control outlined in this policy, a comprehensive Financial Procedures Handbook has been produced, which includes key administrative and control procedures. It is mandatory that these procedures are followed by all staff as appropriate to their role.

## **12 Monitoring and evaluation**

12.2 The finance policy will be monitored by the Business Manager to ensure that the school adheres to the policy in its day to day workings, alongside noting any changes to DfE policy that impacts on the workings of the school. The Business Manager will make recommendations to the GB for amendments to the policy either at the review date or earlier if changes to government policy dictate.